

Summary of Revisions to the LNF Methodology for FY 2000

Element	Revision
\$3,221 Per User Benchmark	<ul style="list-style-type: none"> Inflated \$2,980 by 8.1% to \$3,221 per user consistent with the average increase in mainstream health plan premiums from 1999 to 2000.
Active Users	<ul style="list-style-type: none"> Added 26,760 active users that reside outside official service area boundaries. Future active user counts in some locations may be less because of an undetermined level of duplication in existing data.
+ - Size Adjustment	<ul style="list-style-type: none"> Reaffirmed a cost adjustment for size of operating unit. The range for the cost adjustment is 87.5% for units with > 21,000 active users to 130% for units with < 900 active users.
+ - Price Adjustment	<ul style="list-style-type: none"> Identified actual referral locations. Reaffirmed medical cost index for referral locations but with a minimum floor. The range is 91% to 123% in lower 48 states and up to 148% in outlying areas of Alaska.
+ - Health Status Adjustment	<ul style="list-style-type: none"> Replaced the 1999 health index with a new health status index based on disease burden (disparities in births, injuries, heart disease, diabetes, cancer, alcoholism and persons older than 54 years.)
- \$790 Per User Other Coverage	<ul style="list-style-type: none"> Because statute requires counting other resources available for health care of Indians, \$745 per user counted in 1999 was reluctantly inflated to \$790 in 2000, 6% higher based on changes in national Medicaid expenditures.
Available IHS \$ Per User	<ul style="list-style-type: none"> Financial data was improved in FY 2000 by itemizing HQ and Area office shares to avoid duplicate counting. Central funds, such as residual and area-wide programs, were prorated among operating units like in 1999.
New Exclusions	<ul style="list-style-type: none"> 63% of Contract Support Costs are excluded to maintain fairness between direct and self-determination operating units. CHA/P (village aid program) funds in Alaska were excluded as were additional patient travel expenses.
LNF Percentage	<ul style="list-style-type: none"> The IHS LNF % decreased from 57% in 1999 to 50% in 2000. The decrease is due to 2% more users, 8% higher cost, and exclusions of IHS funds increased from 20% to 26%.
60% Allocation Threshold	<ul style="list-style-type: none"> After considering several options, a threshold of 60% was set consistent with Congressional direction to target funds to "most under funded units." A \$10,000 minimum was set for qualifying operating units.
Recurring Allocations	<ul style="list-style-type: none"> Affirmed that \$40 million in the FY 2001 IHCIF to be allocated by LNF based formula to local operating units and that local IHCIF allocations be made recurring thereafter.